



Christopher Calfee
California Natural Resources Agency
1416 9th Street, Ste. 1311
Sacramento, CA 95814

January 3, 2018

Dear Mr. Calfee:

Thank you for submitting the standardized regulatory impact assessment (SRIA) and summary (Form DF-131) for the proposed regulation pertaining to California Environmental Quality Act (CEQA) Guidelines, as required as required in California Code of Regulations, title 1, section 2002(a)(1). As proposed regulations were not submitted with the SRIA, these comments are solely based on the SRIA.

The SRIA examines the impact of proposed regulations that would change the environmental impact metric for transportation from level-of-service (a measure of congestion) to vehicle miles traveled in the CEQA Guidelines. With this change, projects required to do a CEQA analysis will have to mitigate environmental impacts by reducing vehicle miles in the state, rather than considering local traffic. There is an exception for some transportation projects, however, that may continue to use level-of-service as their metric. Although the proposed regulations will reduce the direct costs of conducting CEQA analyses by around \$24 million (with total costs around twice that number), the more important impacts will stem from the alignment of CEQA assessments with statewide goals to reduce greenhouse gas emissions. Minimizing the vehicle miles means projects that help people access public transportation or avoid commuting for long distances will have fewer mitigation obligations. These should be cheaper than greenfield projects that increase vehicle miles but don't have local traffic issues. Infill projects will thus be more likely to be proposed and approved.

Finance generally concurs with the methodology used to estimate economic and fiscal impacts of proposed regulations. The SRIA clearly describe the underlying mechanisms of how regulatory changes will affect CEQA lead agencies, sectors within the economy related to project development, as well as impacts to the overall California economy. It is beyond the scope of the data available to estimate the dynamics of what projects will be proposed or approved, but with the included examples, the public may be able to offer examples of impacts.

These comments are intended to provide sufficient guidance to outline prospective revisions to the SRIA. The SRIA, a summary of Finance's comments, and any responses must be included in the rulemaking file that is available for public comment. Finance understands that the proposed regulations may change by the end of your rulemaking process. If any significant changes to the proposed regulations result in economic impacts not discussed in the SRIA, please note that the revised economic impacts must be reflected on the Standard Form 399 for the rulemaking file

submittal to the Office of Administrative Law. Please let us know if you have any questions regarding our comments.

Sincerely,



Irena Asmundson
Chief Economist
Department of Finance

cc: Ms. Panorea Avdis, Director, Governor's Office on Business and Development
Ms. Debra Cornez, Director, Office of Administrative Law
Mr. Bryan Cash, Asst. Secretary for Planning and Finance, Natural Resources Agency
Mr. Chris Ganson, Senior Planner, Office of Planning and Research
Ms. Jeannie Lee, Senior Counsel, Office of Planning and Research